

Exponential Organizations: Why new organizations are ten times better, faster, and cheaper than yours
Salim Ismail (2014)

Book's Argument: “You’re either disrupting or you’re being disrupted.” The author argues that every company and industry is becoming information-enabled. As this “informationalization” (akin to industrialization) occurs, these companies and industries then subscribe to Moore’s Law (doubling of capacity / halving of price every 18 months). There are some companies that have achieved 10X, 100X, or even 1000X growth or price reductions; these are exponential organizations (ExPOs).

Key Takeaways: The author contends that the disruption that we have experienced in the past five years is a trend that will continue unabated; with far-reaching implications to everything from healthcare to employment practices. He further states that millennials are already attuned to these shifts and are, in many cases, adopting the employment model (i.e. self-marketing). Lastly, the author describes an entirely different concept of leadership – one that “enables, fosters, organizes, galvanizes and acts on that fundamental human capacity to contribute and work with others” – in other words, culture.

Best Quotes: “We’ve learned how to scale technology; now it’s time we learn to scale organizations.”

Referring to a study that examined the prediction failure of mobile phone industry analysts from 2000-2010: “It seemed that, when facing exponential growth, the experts in almost every field always projected linearly, despite the evidence before their eyes.”

“Remarkably, and often tragically, most companies today are still driven almost solely on the intuitive guesses of their leaders... An analysis by the American Psychological Association of seventeen studies on hiring practices found that a simple algorithm beat intuitive hiring practices by more than 25 percent in terms of successful hires.”

Why it’s important: As the author notes, “linear organizations will rarely disrupt their own products or services. They haven’t the tools, the attitude or the perspective to do so.” As we try to create the Force of the Future to operate in an environment of chaos, the characteristics of exponential organizations could offer response options across the spectrum of conflict, but creating such an organization would require a commitment to culture change that has yet to be demonstrated.

